

- Sec.
- (h) Preemption of conflicting State laws.
  - (i) Definitions.
  - (j) Transition.
2606. Exempted transactions.
2607. Prohibition against kickbacks and unearned fees.
- (a) Business referrals.
  - (b) Splitting charges.
  - (c) Fees, salaries, compensation, or other payments.
  - (d) Penalties for violations; joint and several liability; treble damages; actions for injunction by Secretary and by State officials; costs and attorney fees; construction of State laws.
2608. Title companies; liability of seller.
2609. Limitation on requirement of advance deposits in escrow accounts.
- (a) In general.
  - (b) Notification of shortage in escrow account.
  - (c) Escrow account statements.
  - (d) Penalties.
2610. Prohibition of fees for preparation of truth-in-lending, uniform settlement, and escrow account statements.
2611. Land parcel recordation system; establishment on demonstration basis.
2612. Report of Secretary on necessity for further Congressional action.
- (a) Administrative consultations; study, investigation, and hearings; time of submission.
  - (b) Scope of report; specific practices or problems and corrective measures; cost burden for real estate settlement services; Federal regulation of charges and regulatory scheme; local government recordation of land title information and Federal assistance for development of a model system.
2613. Demonstration to determine feasibility of including statements of settlement costs in special information booklets; report to Congress.
2614. Jurisdiction of courts; limitations.
2615. Contracts and liens; validity.
2616. State laws unaffected; inconsistent Federal and State provisions.
2617. Authority of Secretary.

## CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in title 15 section 1638; title 42 sections 3541, 4012a, 8232.

**§ 2601. Congressional findings and purpose**

(a) The Congress finds that significant reforms in the real estate settlement process are needed to insure that consumers throughout the Nation are provided with greater and more timely information on the nature and costs of the settlement process and are protected from unnecessarily high settlement charges caused by certain abusive practices that have developed in some areas of the country. The Congress also finds that it has been over two years since the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs submitted their joint report to the Congress on "Mortgage Settlement Costs" and that the time has come for the recommendations for Federal legislative action made in that report to be implemented.

(b) It is the purpose of this chapter to effect certain changes in the settlement process for residential real estate that will result—

(1) in more effective advance disclosure to home buyers and sellers of settlement costs;

(2) in the elimination of kickbacks or referral fees that tend to increase unnecessarily the costs of certain settlement services;

(3) in a reduction in the amounts home buyers are required to place in escrow accounts established to insure the payment of real estate taxes and insurance; and

(4) in significant reform and modernization of local recordkeeping of land title information.

(Pub. L. 93-533, § 2, Dec. 22, 1974, 88 Stat. 1724.)

## REFERENCES IN TEXT

This chapter, referred to in subsec. (b), was in the original "this Act", meaning Pub. L. 93-533, Dec. 22, 1974, 88 Stat. 1724, as amended, known as the Real Estate Settlement Procedures Act of 1974, which is classified principally to this chapter (§ 2601 et seq.). For complete classification of this Act to the Code, see Short Title note below and Tables.

## CHANGE OF NAME

Reference to Administrator of Veterans' Affairs deemed to refer to Secretary of Veterans Affairs pursuant to section 10 of Pub. L. 100-527, set out as a Department of Veterans Affairs Act note under section 301 of Title 38, Veterans' Benefits.

## EFFECTIVE DATE

Section 20, formerly 19, of Pub. L. 93-533, as renumbered by Pub. L. 94-205, § 10, Jan. 2, 1976, 89 Stat. 1159, provided that: "The provisions of this Act, and the amendments made thereby [see Short Title note below], shall become effective one hundred and eighty days after the date of the enactment of this Act [Dec. 22, 1974]."

## SHORT TITLE OF 1976 AMENDMENT

Section 1 of Pub. L. 94-205, Jan. 2, 1976, 89 Stat. 1157, provided: "That this Act [enacting section 2617 of this title, amending sections 2602, 2603, 2604, 2607, 2609 and 2616 of this title and section 1631 of Title 15, Commerce and Trade, repealing sections 2605 and 2606 of this title, enacting provisions set out as a note under section 2602 of this title and amending provisions set out as a note under this section] may be cited as the 'Real Estate Settlement Procedures Act Amendments of 1975'."

## SHORT TITLE

Section 1 of Pub. L. 93-533 provided that: "This Act [enacting this chapter and sections 1730f and 1831b of this title and provisions set out as notes under this section and section 1730f of this title] may be cited as the 'Real Estate Settlement Procedures Act of 1974'."

**§ 2602. Definitions**

For purposes of this chapter—

(1) the term "federally related mortgage loan" includes any loan (other than temporary financing such as a construction loan) which—

(A) is secured by a first or subordinate lien on residential real property (including individual units of condominiums and cooperatives) designed principally for the occupancy of from one to four families, including any such secured loan, the proceeds of which are used to prepay or pay off an existing loan secured by the same property; and

(B)(i) is made in whole or in part by any lender the deposits or accounts of which are insured by any agency of the Federal Government, or is made in whole or in part by